

Economic Incentives for Historic Preservation

17096
— 9/1/94



Oakland, California

Prepared by
Carolyn Douthat
for

Oakland Heritage Alliance
February, 1994

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

MAR 21 1994

UNIVERSITY OF CALIFORNIA



Digitized by the Internet Archive
in 2025 with funding from
State of California and California State Library

<https://archive.org/details/C101745668>

*Economic Incentives
for
Historic Preservation*

Oakland, California

Prepared by
Carolyn Douthat
for
Oakland Heritage Alliance
February, 1994

This publication has been funded in part by the **National Trust for Historic Preservation.**

Acknowledgements

Oakland Heritage Alliance is a California nonprofit corporation whose purpose is to bring together community groups and individuals sharing an interest in the history of Oakland, and in the preservation and conservation of the city's archaeological, architectural, cultural, environmental, and historical resources.

Inquiries about this publication should be directed to Oakland Heritage Alliance, Post Office Box 12425, Oakland, CA 94604, (510) 763-5370.

The National Trust for Historic Preservation is a federally chartered nonprofit organization whose mission is to foster an appreciation of the diverse character and meaning of our American cultural heritage and to preserve and revitalize our communities by leading the nation in saving America's historic environments.

Economic Incentives for Historic Preservation was written by Carolyn Douthat, an attorney practicing in the historic preservation field in Oakland, California.

Front cover photo: Broadway, 1933. Vernon Sappers collection.

Back cover photo: Chester Street, Oakland Point District, West Oakland (1987).

Oakland Cultural Heritage Survey.

Design and production: Valerie Winemiller

Copyright © 1994 Carolyn Douthat. All rights reserved.

Contents

1. Project Description, 1

2. Introduction, 2

Historical Overview, 2

Oakland's Historic Resources, 3

The Benefits of Historic Preservation Activity, 3

3. Economic Incentives for Preservation, 7

Types of Incentives, 7

Survey of Incentive Programs, 8

Funding Sources, 9

4. Recommendations for Incentive Programs in Oakland, 11

Downtown Incentives Program, 11

Neighborhood Incentives Program, 17

5. Conclusion, 23

6. Appendices

A. Survey of Economic Incentives by City, 24

B. Selected Planning Goals and Objectives, 28

C. Mills Act Contract Examples, 31

7. Bibliography, 33

Project Description

This paper was undertaken as a result of informal discussions between members of Oakland's Historic Preservation Task Force, the Landmarks Advisory Board and Oakland Heritage Alliance, along with staff from Oakland Sharing the Vision and the National Trust for Historic Preservation, about using preservation incentives as a catalyst for economic development efforts in Oakland.

Implementation of two planning efforts by the City of Oakland, a Historic Preservation Element in the city's General Plan and the citywide strategic plan, Oakland-Sharing the Vision (OSV), offers the opportunity to integrate economic incentives for preservation into city programs. The means for developing incentive recommendations were provided by the Western Regional Office of National Trust for Historic Preservation and Oakland Heritage Alliance, which have generously underwritten preparation of this paper.

In 1988, the Oakland Planning Commission and the Landmarks Advisory Board convened a Historic Preservation Task Force to develop a draft historic preservation element for the city's general plan, which is currently in the public hearing stage. Three years later, Oakland began a strategic planning process which resulted in the adoption by the City Council of "Oakland Sharing the Vision", a plan which identifies objectives and implementation strategies for the city's future. The purpose of this paper is to link the recommendations of those two documents with incentives programs aimed at the historic resources of the city.

In basic outline, the paper contains an overview of Oakland history, its historic resources, and the general economic benefits which accrue from preservation activity. Preservation incentives which have been used in 15 cities in California and other states are then analyzed. Based on that analysis, and the policies and actions contained in the draft Historic Preservation Element and Oakland Sharing the Vision, recommendations for two pilot programs in Oakland are set out, one for downtown and another for a residential neighborhood in West Oakland.

Introduction

HISTORICAL OVERVIEW

Located on the edge of the San Francisco Bay, Oakland is the sixth largest city in California, with a population of 372,000, and includes an area of approximately 53 square miles of land and 26 square miles of water. Originally inhabited by the Costanoan Indians, the area which Oakland encompasses was part of an 1820 Spanish land grant to Luis Maria Peralta. The California Gold Rush of 1848 brought Anglo settlement to the area, and Oakland was incorporated as a city in 1854. It has been the county seat of Alameda County since 1873. The East Bay, which includes Alameda and Contra Costa counties, has a total population of over 2 million.

The early development of the city was shaped by its access by water to San Francisco, the Pacific and the Sacramento River delta. Initially an embarkation point for lumber, ranch products and supplies for the Gold Rush, Oakland's role as a transportation hub was set when it became the terminus of the Transcontinental railroad in 1869. Access to the Central Valley and the East by rail, and improvements to Oakland's harbor brought prosperity and growth to the city in the last decades of the 19th century. From 1870 until 1900 the city grew in size and population, from 10,500 in 1870 to nearly 50,000 in 1890. Blocks of Victorian homes in West Oakland and the Brooklyn area, as well as the era's commercial center, Victorian Row, remain from that time.

Following the 1906 San Francisco earthquake and fire, the city experienced another boom in population, growing from 67,000 in 1900 to 150,000 in 1910. Expanded train and trolley lines brought suburban development and annexation of area to the north and east, and, in an expansive display of civic pride characteristic of the period, the public supported bonds for construction of major public buildings, parks development and schools. The optimism was not misplaced; during the 25 years following the earthquake Oakland became the center of government, industry, entertainment and business for the East Bay, and a powerful workhorse for the economy of Northern California. The character of the downtown reflects those times, from the "skyscraper" City Hall and Beaux Arts office towers along Broadway, to the significant collection of Art Deco buildings in the Uptown shopping district. In the neighborhoods, Craftsman bungalows, and Period Revival houses attest to the prosperity of the era for both working people and capitalists alike.

After the end of World War II, suburban development, freeway construction, and conversion from a wartime economy weakened the commercial and economic base of the city. As in older urban areas nationwide, high unemployment, labor and racial tensions, and the exodus of manufacturing contributed to the inner city's decline. However, the depressed economic conditions had the one benefit of leaving much of the city untouched, if unattended.

In 1989, the Loma Prieta earthquake caused the collapse of a section of Interstate 880 in West Oakland and extensive damage downtown. Of the major public and private buildings downtown which were seriously affected, over 60 percent are significant historic structures. A depressed real estate market, combined with the savings and loans crisis, and the state and local budget constraints have made financing difficult

and recovery slow. The passage of an ordinance in 1993 requiring retrofit of certain older unreinforced masonry buildings may put more historic resources at risk.

OAKLAND'S HISTORIC RESOURCES

Approximately 50,000, or 50%, of Oakland's buildings were constructed prior to World War II. Of these, 10,000 are estimated to be of historic significance, either individually or as part of districts.

In the Central District alone, over 150 buildings appear eligible for the National Register of Historic Places and 20 are already listed. There are approximately 48 individual city landmarks downtown, and two city designated historic districts, Victorian Row and Preservation Park. In addition, the Oakland Cultural Heritage Survey has identified a total of 15 potential National Register districts in the central core, with a total of close to 500 contributing buildings.

Many of the city's landmarks are located in Oakland's older neighborhoods, which also contain large numbers of Victorian and early 20th century houses. In the two neighborhoods which have been surveyed by the Oakland Cultural Heritage Survey, West Oakland and Adams Point, 11 districts, containing over 700 contributing buildings, appear eligible for the National Register. In addition, there are two city designated districts, Old Downtown Brooklyn and the 10th Avenue District, both in the Brooklyn area.

In the Central District, West Oakland and Adams Point, nearly 300 unreinforced masonry buildings are contributors to districts and may be subject to the new retrofit ordinance. Citywide, it is estimated that 15% of this type of building qualify as historic structures.

THE BENEFITS OF HISTORIC PRESERVATION ACTIVITY

In addition to the benefits common to all real estate development activity, reinvestment in historic resources offers particular advantages. According to a Department of Commerce model for measuring the impact of various categories of economic activity, rehabilitation, out of the 39 categories considered, is the only one which ranks in the top 20% for each of the three measuring criteria: increase in household incomes, number of jobs created and overall impact.

In 1988, two studies by the National League of Cities analyzed economic development tools in 320 cities. Of the 45 tools included in the survey, historic preservation was cited as the 7th most often used. Of the twenty most successful cities, fifteen had the greatest amount of preservation activity and the top three, Baltimore, Boston and San Antonio, considered historic preservation as the keystone of their redevelopment efforts.

Job Creation

According to a 1988 study of federal rehabilitation Tax Act projects in California, new construction activity in general creates approximately 6.5 construction jobs per million, 11.3 jobs in industries related to construction (indirect jobs), and 24.6 jobs resulting from increased earnings and consumption (induced jobs). Rehabilitation projects, which are more labor intensive than new construction, increase

these benefits by generating an additional 5 construction jobs and 3 more permanent jobs per million dollars of investment.

Tourism

The tourist dollar plays a significant role in the regional economy. In Alameda and San Francisco counties, 7.2 billion dollars were spent directly on travel in 1991. Hotel spending in Alameda County alone generated over 4 million dollars, and an estimated 19,600 travel related jobs. In addition to direct spending, travel related expenditures increased sales tax revenue statewide by 470 million dollars. In 1992-3, Oakland's 10% hotel tax accounted for \$5 million in local revenues, and in San Francisco, well known as a tourist destination, revenues from an 11% hotel tax totalled \$69 million in 1990-1991.

As travel expert Arthur Frommer has noted, "an interest in the achievements of the past is among the major reasons why people travel." According to a 1984 survey of visitors at 18 selected locations in California, heritage attractions ranked among the 5 most common activities included in travel plans. Seventy seven percent of those surveyed indicated that heritage attractions play a role in travel plans and activities, with 40% indicating that role was a large one.

Historic preservation does attract visitors to a community and brings income to it. In studies conducted in Galveston, Texas, and Fredericksberg, Virginia, it was estimated that tourist purchases in 1989 in local historic districts totalled 18 million and 11.7 million dollars respectively. The link between preservation and tourist dollars is not without qualification, however. Frommer also notes that it is not preservation of isolated structures which attracts tourists—it is "only when the city's central, historic core—the vital, dynamic focus of community life is restored and enlivened" that tourism results.

Small Business Creation

The type of space available in historic buildings is especially suited to small businesses and retail shops. These buildings typically provide a diverse supply of office and retail space at prices which attract small and start-up businesses. In addition, high end small businesses are attracted to identifiable historic districts because of the character of the neighborhood and the scale of the spaces.

According to a study of the economic impact of the historic district designation and incentives program in Lower Downtown Denver between 1987 and 1990, a total of 114 new businesses located in the district, the majority taking space in the 2,000 to 10,000 square foot range. Similar patterns of small business creation following implementation of a preservation incentives program have been seen in Galveston, Fredericksberg, and Pasadena.

In neighborhood commercial districts, historic buildings provide affordable space for the small service businesses which typically operate on low margins, and which are essential to the vitality of neighborhood economies. In addition, the unique built character of a neighborhood can act as a draw to residents and new businesses.

Stability

Clear public policy favoring historic preservation, particularly when targeted at identifiable districts, provides a level of certainty and stability necessary to attracting investment. Local district designation, when combined with an incentives program,

attracts purchasers, businesses and financing, assures compatible new construction and land uses, and creates a clear identity which strengthens neighborhoods and attracts visitors to downtown.

In Denver, a comparison between the designated Lower Downtown Historic District and the city as a whole during a severe recession in 1988-1990 showed increased property sales, construction activity, retail sales and business start-ups in the district and a lower drop in rental rates than in the city as a whole.

A study of historic districts in Alexandria, Galveston, Savannah, and Seattle concluded that it was only after historic designation and initial renovation activity provided evidence of increased stability that local and national lenders were willing to provide long-term loans in the districts. As a social benefit of reinvestment in these areas, the study also found that violent crime in the historic districts, as a percentage of citywide crime, fell during the study periods and, in one case, absolute numbers actually decreased after commercial revitalization increased nighttime activity.

Environmental Benefits

Rehabilitation of historic buildings results in waste reduction, the conservation of natural resources and energy efficiency. Experts in solid waste management estimate that demolition and construction debris can account for as much as 20% of the solid waste generated in local communities; rehabilitation not only reduces demolition waste but also encourages the repair, rather than replacement, of building components.

In urban areas, rehabilitation takes advantage of existing infrastructure, and encourages the use of pedestrian and public transportation as an alternative to cars. Building materials and natural resources expended in original construction retain their usefulness, and rehabilitation itself uses less energy and raw materials than new construction.

In studies by the Energy Research and Development Administration, the least energy efficient buildings were found to be those built between 1940 and 1975. Buildings of earlier construction are typically designed to take advantage of natural heat, light and ventilation. Features such as operable windows, interior light and ventilation shafts, roof-top ventilators and skylights reduce the need for mechanical systems to regulate temperature, and contribute to energy savings. Comparisons between buildings 50 or more years old, both rehabilitated and unrehabilitated, and those built within the past 10 years have shown the per square foot utility costs for older buildings to be less than those for newer construction.

Cost Savings

In general, rehabilitation compares favorably with new construction in terms of cost per square foot. For a major commercial rehabilitation, costs are likely to run between 12 percent less to 9 percent more than comparable new construction with the average being about 4 percent below new construction. Where new construction involves demolition, the cost savings of rehabilitation increase to between 3 and 16 percent.

Additional cost savings from rehabilitation projects may result from earlier project completion. In federal government studies of real estate projects, it was found that rehabilitation may reduce construction time by up to 18 percent, resulting in savings in construction financing costs and providing earlier receipt of rental income.

These savings may increase where new construction would require extensive regulatory review and approvals. In addition, in some projects rehabilitation can take place while a building is occupied and continuing to generate income.

Housing

Historic buildings represent a great resource for affordable housing. Historic hotels have traditionally provided low cost housing downtown, and rehabilitation of existing housing maintains the scale and strengthens the character of neighborhoods.

Development of new housing downtown encourages retail and entertainment activities and keeps the city alive in the evening and on weekends. Using historic buildings to provide new housing not only accomplishes that end, but also provides a viable re-use for office space which may go untenanted in an oversupplied market. In Galveston, Texas and Fredericksburg, Virginia, for example, local ordinances in historic districts were revised to permit a mix of housing, commercial and retail. Many of the rehabilitations which followed included apartments on the upper floors of commercial buildings, which had a demonstrable effect on revitalizing the districts.

Economic Incentives for Preservation

TYPES OF INCENTIVES

Local preservation incentives fall into three broad categories: direct public financial assistance, public program support and public/private partnerships. Representative examples within each category are listed below.

Direct public financial assistance

- Property tax abatement for rehabilitated buildings
- Grants for facade improvements and exterior maintenance
- Fee waivers for rehabilitation work
- Revolving loan funds for purchase and/or rehabilitation
- Business tax credits for rehabilitated buildings

Program support

- Streetscape amenities
- Facade improvement program
- Design assistance
- Technical business assistance
- Streamlined permitting
- Zoning flexibility
- Historic designation
- Infrastructure improvements

Public/private partnerships

- Special events, tours, publications
- Donated design services
- Job training programs
- Marketing efforts
- Private sector loan funds
- Conservation easement programs

Local recognition of historic buildings also enables the owners of historic properties to take advantage of federal and state preservation incentives. Use of the State Historical Building Code, which allows flexibility in the application of the Uniform Building Code to historic buildings, can reduce the costs of rehabilitation and is available for buildings which have been recognized locally as being of historic importance.

Local designation of a district which is eligible for the National Register of Historic Places provides a threshold for use of the federal rehabilitation tax credits. These income tax provisions allow a 20% tax credit for qualified rehabilitation expenditures which, although subject to passive loss regulations, can be carried over into subsequent years. In addition to tax credits, the donation of a conservation easement may also qualify as a charitable deduction for federal income tax purposes.

SURVEY OF INCENTIVE PROGRAMS

The preservation incentives which have been used in 15 cities in California and other states were surveyed and the results are set out in Table 1. In over 50% of these communities, historic preservation incentives were offered as a package along with more general economic development tools. In Denver's Lower Downtown District, for instance, historic district designation was accompanied by establishment of a business support office, a Small Business Loan Program and two office incubator buildings.

About half of the programs made use of public/private partnerships with financial

Table 1: Economic Incentives by City

	City														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Incentive Package	x	x	x	x		x	x	x		x					
Facade program	x	x	x			x	x	x			x		x		x
Grants	x	x	x	x		x	x	x	x	x	x		x		x
Loans	x	x	x		x			x		x	x	x			x
Public improvements	x	x		x						x	x	x	x		
Business assistance	x									x			x		
Tours and promotions			x	x							x	x	x		
Tax abatement							x			x	x	x			
District designation	x		x	x				x			x	x	x		
Design guidelines	x		x	x		x		x		x		x	x		
Technical assistance						x	x	x			x	x		x	
Business District Assn.	x		x	x											
Landmark application assistance							x								
Mixed use zoning	x										x	x			
Parking waivers										x	x				
Facade easements				x							x				

1 Denver, CO

2 Charleston, SC

3 Santa Ana, CA

4 Pasadena, CA

5 Oregon City, OR

6 Brigham City, UT

7 Escondido, CA

8 Roanoke, VA

9 Aspen, CO

10 Carson City, NV

11 Fredericksburg, VA

12 Galveston, TX

13 Portland, OR

14 Bozeman, MT

15 Phoenix, AZ

institutions, local foundations and communities organizations and business associations. Galveston, Texas, for example, in partnership with the Kempner Fund and the Moody Foundation, established a revolving fund for the purchase and rehabilitation of historic buildings. In Santa Ana, California, Mercury Savings and Wells Fargo Bank participated with the city in establishing a \$500,000 rehabilitation loan fund.

Over half of the cities offered a combination of economic incentives only in targeted areas, usually historic districts and/or redevelopment areas. In Santa Ana, for example, the program was directed at the 27 block historic downtown district which was also part of a redevelopment area. In Charleston, South Carolina, rehabilitation efforts were focused on two historic neighborhoods.

Nearly half of the programs included some form of public improvements, including streetscape amenities, signage, and parking. The City of Pasadena constructed two parking garages with retail on the ground floor; in Denver, historic lighting fixtures, street trees, and street furniture were installed.

Virtually all of the programs offered either grants or loans to owners of historic buildings, and rehabilitation work was subject to design guidelines addressing the desired historic character of the buildings and district. In Santa Ana, up to 50% of the costs of facade improvements were eligible for reimbursement, and loans were available from a \$50,000.00 facade improvement revolving fund.

The most successful programs had two features in common. The first was the use of a variety of incentives which combined public and private investment in rehabilitation efforts. The second was a focus on particular districts with a high percentage of historic buildings. In combination, these features involved a broad range of groups in the success of the program, concentrated its visible results and created a high profile for the districts which attracted additional activity and investment.

FUNDING SOURCES

Table 2 summarizes the funding sources used for preservation incentives in the 15 cities surveyed. Local funding typically came from a combination of general funds, redevelopment and tax increment monies, federal programs such as Community Development Block Grant funds, and private sector financing. Some cities specifically set aside particular general revenue sources, such as hotel tax, parking revenues, public arts funds, business taxes, and property taxes, to fund incentives programs.

Current federal funding sources include the Intermodal Surface Transportation Efficiency Act of 1991, military base conversion funds, the Housing and Community Development Act of 1993, the National Service Trust Act and the proposed Community Development Financial Institutions Act. In addition, the National Trust for Historic Preservation, a federally chartered non-profit organization, offers a number of ongoing loan and grant programs, such as its Inner-Cities Ventures Fund.

Methods for attracting the participation of financial institutions include compliance with the requirements of the Community Reinvestment Act, linked deposits to attract customers to institutions participating in local lending programs, and interest write-downs funded with public monies. In several cities, the combination of

Table 2: Funding Sources by City

	City														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Redevelopment		x	x	x		x	x			x			x		
CDBG		x	x		x			x			x	x			
Hotel Tax														x	
Property Tax					x										
Assessment District				x											
General fund	x						x	x			x	x			
Bonds															x
Public/private financing	x	x	x					x		x	x	x			
Parking meter revenues				x											

- | | | | |
|------------------|--------------------|-----------------------|-----------------|
| 1 Denver, CO | 5 Oregon City, OR | 9 Aspen, CO | 13 Portland, OR |
| 2 Charleston, SC | 6 Brigham City, UT | 10 Carson City, NV | 14 Bozeman, MT |
| 3 Santa Ana, CA | 7 Escondido, CA | 11 Fredericksburg, VA | 15 Phoenix, AZ |
| 4 Pasadena, CA | 8 Roanoke, VA | 12 Galveston, TX- | |

public improvements and incentives was successful in encouraging the formation of special assessment districts to fund additional improvements in targeted areas.

Local community organizations and foundations have also played a role in financing incentives by underwriting tours and publications, donating services, enlisting membership support for linked deposit programs, and by direct financial contribution to revolving loan and facade improvement programs.

Incentive Programs for Oakland

In Oakland, the regional economic climate and the fiscal constraints facing state and local government set the parameters for developing incentives for historic preservation. Necessarily these incentives must use existing resources to the greatest extent possible, and focus on ways in which city programs and administrative action can be combined with private participation to leverage the limited amount of financial assistance available.

Two common characteristics emerged from the review of successful historic preservation incentive programs in other cities. The first is the integration of preservation incentives into overall revitalization strategies which emphasize public and private participation. The second is targeting programs at particular areas of the community which have a high concentration of historic resources.

This approach is consistent with the goals and objectives of Oakland Sharing the Vision. It is also supported by the Historic Preservation Element recommendations that preservation regulation be coupled with incentives, and that the city adopt a consistent preservation policy throughout its departments. In addition to these plans, the recently adopted Downtown Plan and the Fruitvale Neighborhood Commercial Revitalization Plan show a similar emphasis on targeted programs which contain a range of public and private actions. Selected goals and objectives from these four documents are attached as Appendix B.

Based on these observations, the following recommendations for economic incentives for historic preservation in Oakland focus on pilot programs for selected downtown and neighborhood areas which have a high concentration of historic resources and which have already been identified as targets for revitalization efforts, the Uptown Retail and Downtown Districts and the Oakland Point District in West Oakland.

DOWNTOWN INCENTIVES PROGRAM

The recommendations for downtown are loosely based on the Lower Downtown District Plan used in Denver, Colorado. Denver is comparable in size to Oakland, with a population of approximately 500,000. A portion of the downtown was designated as a historic district in 1988 in conformance with the preservation component of a Downtown Area Plan which stated that:

The district must be preserved and redeveloped through a package of actions that stimulate new economic demand . . . and protect its historic character by preserving the existing buildings and promoting compatible infill development.

In addition to the design review and demolition provisions enacted for the district, incentives were adopted which included streetscape and pedestrian improvements, financial assistance and business support, and capital improvements. In 1990, an analysis of the economic impact of the designation and incentives program was conducted. Although the economic conditions in Oakland in 1994 differ from the Denver example, the results of that program indicate the type of benefits which might accrue.

- Thirteen rehabilitation projects with a total investment of \$3 million in construction value were initiated in a two year period.
- Construction costs for rehabilitation typically ran 25-30% lower than comparable new construction, with a greater percentage of dollars going to labor costs.
- An estimated 74 full time construction jobs were generated within a 1 year period.
- Revenue to the city and county increased approximately \$1.15 million.
- 114 new businesses were established in the district, generating an estimated 450 new jobs and \$7 million in investment.
- 83 new apartment and condominium units were created in 4 mixed use projects and one residential conversion.

RECOMMENDATIONS:

1. *Designate a core district including the Uptown Retail Entertainment District and the Downtown District for a pilot incentives program.*

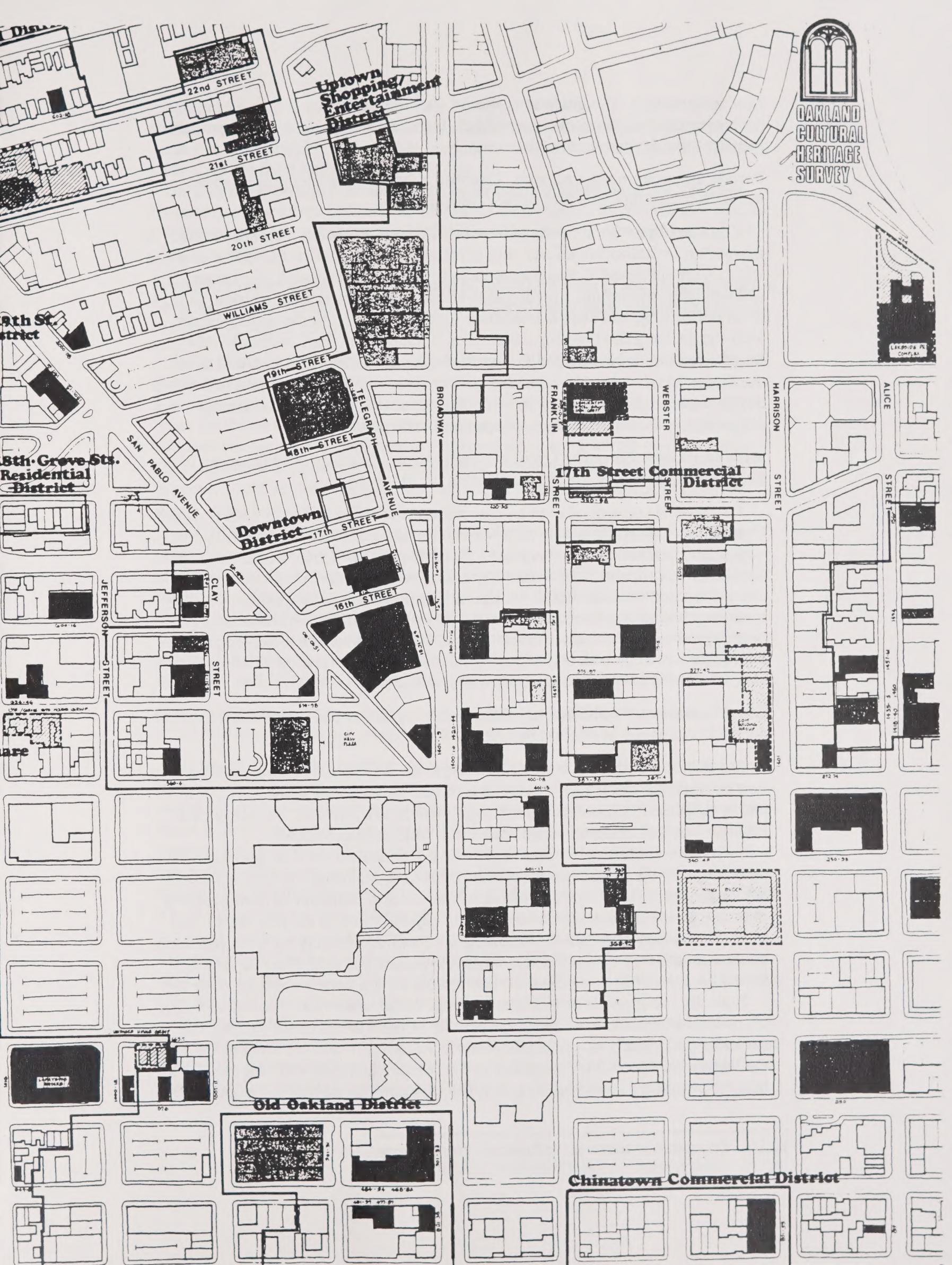
The Oakland Cultural Heritage Survey has identified 15 districts downtown which appear to be National Register eligible. Of those, the Downtown District, which has been determined National Register eligible, and the Uptown District combined contain over 100 contributing buildings, and include the area roughly bounded by 21st Street, Telegraph, Broadway, 11th Street and Franklin. (See District Map at right.) Prominent buildings in the Uptown District include the Paramount Theatre, I. Magnin's, the Floral Depot, the Fox Oakland and the Cathedral Building. The Downtown District includes City Hall, the Broadway Building, the Rotunda, the Plaza Building, the Key System Building and the Financial Center Building. Many of the buildings in the two districts are earthquake damaged and/or are of unreinforced masonry construction. The boundaries include the three nodes which the Downtown Oakland Revitalization and Earthquake Recovery Plan identified as critical, and two which the Downtown Plan targets for redevelopment efforts.

Aside from local incentives which follow, designation would allow owners to use the State Historic Building Code for rehabilitation, and could provide threshold eligibility for use of the federal rehabilitation tax credits and charitable deductions for donations of conservation easements.

2. *Adopt a range of preservation incentives for the districts, and integrate them into other redevelopment programs.*

Design Guidelines. Using the documentation available from the Oakland Cultural Heritage Survey, develop design guidelines specific to the district.

Although Broadway and adjacent parts of downtown are currently within the S-8 design review zone, there are inadequate guidelines for review of applications for alteration or new construction. In order to preserve the distinctive character of the proposed district, guidelines should be developed which would encourage storefront and facade restoration, retention of original features, and compatible



Uptown Shopping/Entertainment District

9th St. District

8th-Grove Sts. Residential District

Downtown District

17th Street Commercial District

Chinatown Commercial District

Old Oakland District

LEVEE PARK COMPLEX

new construction. The guidelines should also address urban design elements such as street furniture, signage and lighting to assure that public improvements reinforce the desired district character.

Facade Improvement Program. Establish a facade improvement program which includes financial and design assistance.

A facade improvement program is one of the most common incentives used in downtown revitalization efforts, and is recommended in all of the Oakland plans which were reviewed. Components include matching grants for retail storefront clean-up and restoration, a revolving fund for larger facade rehabilitation, streamlined permitting, and design assistance. Sample facade treatments consistent with the design guidelines for the district, if adopted by the Landmarks Advisory Board, could re-duce the need for Board review of each application, and speed the design review process. Likewise, pre-application conferences and free initial design assistance, in partnership with the AIA or other appropriate professional organization, would increase participation in the program.

Merchants and Property Owners Association. Facilitate establishment of a business and property owners association for the district.

The general concept of such an association is recommended in both Oakland Sharing the Vision and the Downtown Plan to handle issues of security, maintenance, and marketing. An association particular to the district would have the advantage of concentrating marketing efforts on its particular character and amenities, and would be small enough to maximize the participation by small business owners. It would also provide a forum for working with business and property owners on facade and streetscape improvement and create opportunities for partnerships with organizations such as Oakland Heritage Alliance and City Walks Tours for expanded tours and publications.

Tax Abatement. Establish a tax abatement program to encourage rehabilitation and full occupancy of historic buildings.

Tax relief for owners of historic buildings who undertake rehabilitation, and to new businesses which locate in historic buildings, may lessen the effect of mandatory upgrade requirements, encourage owners to bring their buildings back into full use, and bring new businesses into Oakland's downtown.

In California, Mills Act contracts provide a mechanism for local governments to offer property tax abatement for owners of historic buildings. By contract with a city or county, owners agree to maintain the existing character of their property in exchange for an assessed value based on capitalization of income rather than market value (see Appendix C). Contracts are renewed annually for a ten year term, and are transferred to new owners when the property is sold. Over 20 jurisdictions now have Mills Act programs, and several others have authorized their use.

Typically the greatest property tax savings come where the speculative value of the land accounts for a significant portion of the market value, making the contracts particularly attractive for historic buildings in downtown centers. While the legislation allows a municipality to enter into a contract with the owners of historic properties anywhere in a city, the program can be tailored to particular

areas or types of buildings which the city has an interest in preserving. In Oakland, such a program might be limited to owners who agree to rehabilitate and seismically upgrade their buildings.

In addition to property tax abatement, other local tax relief measures, such as a three to five year freeze on business license tax for owners of rehabilitated or reoccupied historic buildings and for new businesses which locate in historic buildings, should be explored.

Historic Preservation Fund. Through partnerships with private lending institutions, establish a Historic Preservation Fund for the purchase, rehabilitation and seismic upgrade of buildings in the district.

In 15 of the cities surveyed, nearly half worked with local lenders to establish funds for rehabilitation and, in some cases, purchase of historic buildings. In several cases the partnerships also included local foundations, and the National Trust for Historic Preservation. Focusing such a program on the district would concentrate the visible impact of initial renovation work which could increase the availability of conventional financing for other projects. In addition, such a program could address the need for funding of repair and seismic upgrade of many of the buildings in the districts.

In California, Mercury Savings and Wells Fargo have participated in this type of fund and the Bank of the West and U.S. Savings were involved in lending programs for damaged historic buildings following the 1989 Loma Prieta earthquake. In Oakland, financial institutions with which the city does business, as well as those which have acquired historic downtown buildings through foreclosure, could be approached for participation. Other possible incentives for investing in the fund include compliance with the requirements of the Community Reinvestment Act, and offering a linked deposits program for participating lenders.

Catalyst Projects. Target one or more key historic buildings for acquisition and rehabilitation by a public/private investment partnership.

As has been stated elsewhere, investment in a highly visible, successful rehabilitation project signals a commitment to revitalization efforts which in turn increases private investment and economic development activity. This is recognized in the Downtown Plan which calls for identification of a series of catalytic projects which "are likely to enhance private market-oriented development in the future". There are several buildings in both the Downtown District and the Uptown Retail Entertainment District which, if returned to viable use, could have a positive impact on both the image of downtown and the uses in the surrounding areas. In the Downtown District, the Key System Building at 11th and Broadway and the Grant-Unity Building at 13th and Broadway are prominent examples. In the Uptown District, reuse of the Fox Theatre could reverse the tide of retail flight along Telegraph between 19th and 17th Streets.

With an initial public investment in preparing a reuse plan and proforma, private partnership investment could be sought from both financial institutions and alternative sources such as local foundations, Oakland based pension funds, and the Urban Community Reinvestment Fund.

Housing. Revise zoning and building regulations to encourage conversion of historic commercial buildings to residential use.

There is wide agreement that housing downtown brings activity after dark and on weekends, and provides customers for small service businesses. In Denver, encouraging mixed use, including housing, in the historic downtown district was part of the overall incentive strategy. Oakland-Sharing the Vision and the Downtown Plan call for new housing in the Central District, and an opportunity exists for the creation of distinctive downtown units through conversion of historic commercial buildings to housing use.

The draft Historic Preservation Element recommends flexibility in zoning regulations for historic buildings, as is now provided for certain uses of historic buildings in the R-70, R-80 and R-90 zones. Although current zoning downtown allows for housing uses, the conversion of an existing commercial building triggers regulations designed for new high density housing built anywhere in the city, presenting particular compliance problems for downtown locations. Requirements for parking, set-back, building standards and private open space may be very difficult to satisfy. In addition, lack of height limitations downtown favors new construction over reuse. Some of these issues may be resolved through parking credits where BART or public garages are located nearby, shared use of parking between residential and office users, waivers of certain set-back and open space requirements for existing historic buildings, and height limits based on the existing character of the district.

City Office Space. Give priority to locating city offices in historic buildings; encourage city-assisted organizations to locate in historic buildings.

As of 1991, nearly 250,000 square feet of office space was being leased by the city. Although the reopening of City Hall is scheduled for early 1995, most city offices will continue to operate out of leased space until the City Hall Administration Project is finalized. As current leases expire, relocating to historic buildings would signal the city's commitment to the preservation incentives program, as well as providing owners with an immediate revenue stream to support facade improvements and interior rehabilitation and upgrades. An example of a building which could benefit from this incentive is the Central Bank Building at 14th and Broadway, now largely vacant and in need of ground floor facade restoration.

Oakland Sharing the Vision recommends locating the city's Visitor's Center in a historic building and, taking this recommendation a step further, the city should encourage non-profits, especially those which receive city assistance, to locate in historic buildings in the districts. Such a policy would offer similar benefits to locating city office space in historic buildings, and would be of minimal cost. In Galveston, the location of the County Cultural Arts Council in a prominent historic building was considered an important piece of historic district revitalization efforts, as was the case in Fredericksburg (visitor's center in heart of historic district) and Pasadena (Pasadena Heritage offices in Old Pasadena).

One Stop Business Support Office. In cooperation with private sector entities such as the Oakland Business Development Corporation, the Oakland Association of Realtors and the Oakland Chamber of Commerce, establish a centralized

support services office for property owners and businesses in the district.

In Denver, a Business Support Office for the Lower Downtown District offered technical business assistance, provided on a pro bono basis by legal, accounting and marketing professionals, and a current inventory of available space for lease in the district. In Oakland, the Oakland Business Development Corporation already offers centralized assistance on certain small business loan programs. These services could be expanded to include a vacancy bank, technical business assistance, and information on programs available for historic buildings. In cooperation with the Association of Realtors, a clearinghouse for investors interested in rehabilitation projects could be established, providing a current inventory of available historic buildings, grant and loan program information and assistance with federal rehabilitation tax credit applications.

NEIGHBORHOOD INCENTIVES PROGRAM

The recommendations for a neighborhood incentives programs are similar to those for downtown in that they build upon existing programs and resources, and target particular areas where there is a high concentration of historic resources.

There are a number of programs already in place in Oakland which could be tailored to take advantage of the historic character of both residential and commercial districts. Existing Community Development Block Grant programs, administered by the Office of Housing and Neighborhood Development, offer loan and grant assistance in older flatland neighborhoods. One of the components of the recently created Community Restoration Program, the Non-Profit/Homeowners model, addresses vacant and blighted properties through rehabilitation and job-training programs. The Neighborhood Commercial Revitalization Program has already identified six neighborhood commercial centers for program support, three of which have been surveyed by the Oakland Cultural Heritage Survey. The survey has also completed residential surveys in West Oakland, and will be working on selected areas in Brooklyn/San Antonio in 1994.

The neighborhood incentives program which is recommended is intended as a pilot program. Following the specific incentives recommendations, two additional steps are identified which should be taken in order to lay the groundwork for programs in other neighborhoods.

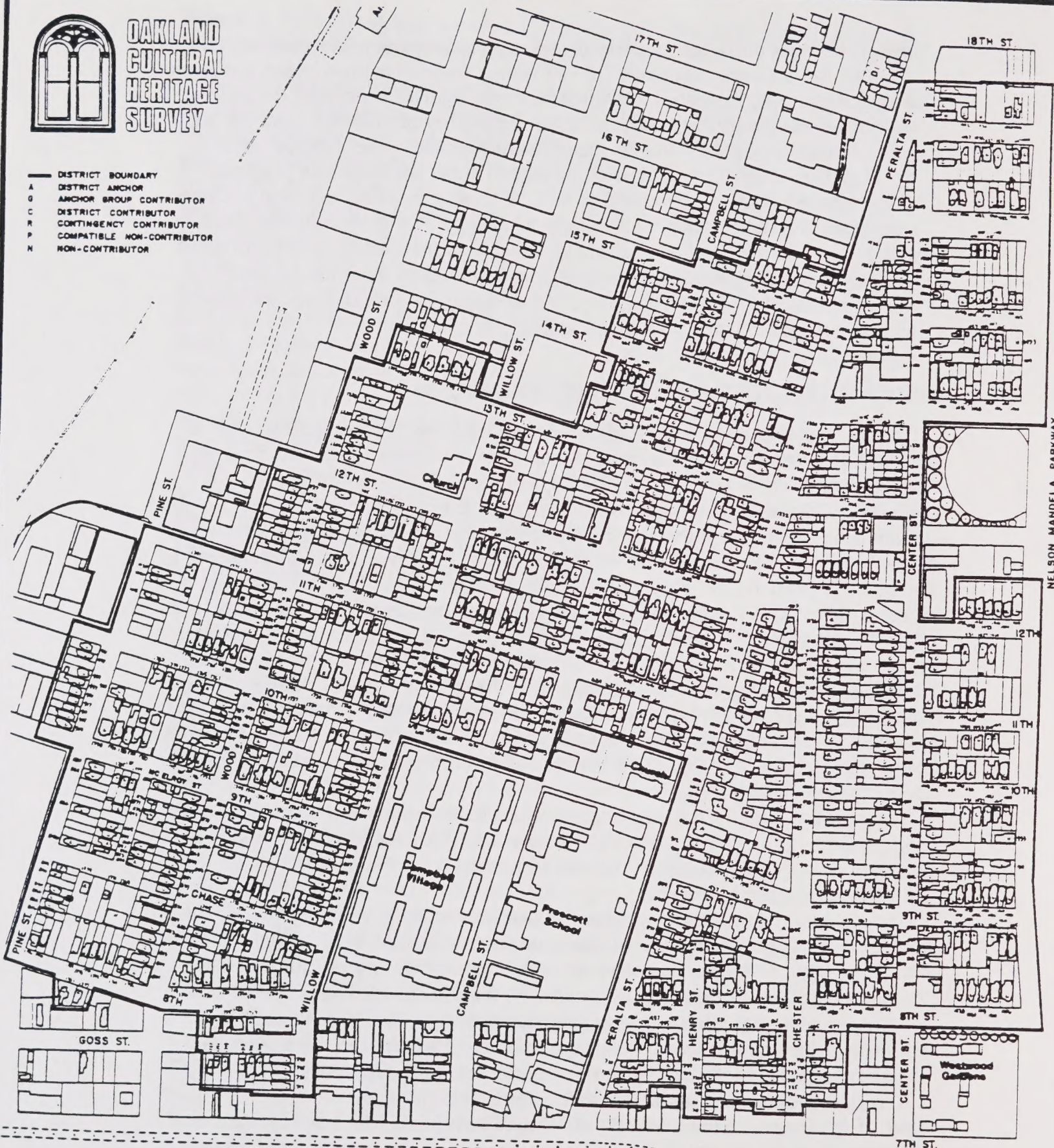
The Oakland Point District in West Oakland was selected for the pilot program because of the high concentration of documented historic and architectural resources, and the existing revitalization efforts on which an incentives program might build. The location offers a number of opportunities for partnerships between the community, the city, and other public and private agencies. The West Oakland BART station and the Seventh Street NCR are immediately adjacent to the district, and a replacement for the 16th Street train station has been proposed nearby.

The timing of a program for Oakland Point is also an important factor. The collapse of the Cypress structure and rerouting of its replacement have changed the relationship of the district to the rest of the city and to the freeway itself. These events have already resulted in city and community efforts to develop an effective mitigations program with CalTrans, city discussions with Southern Pacific about development of a 20 acre parcel to the northwest of the district, and city efforts to



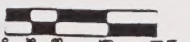
OAKLAND CULTURAL HERITAGE SURVEY

- DISTRICT BOUNDARY
- A DISTRICT ANCHOR
- G ANCHOR GROUP CONTRIBUTOR
- C DISTRICT CONTRIBUTOR
- R CONTINGENCY CONTRIBUTOR
- P COMPATIBLE NON-CONTRIBUTOR
- N NON-CONTRIBUTOR



OAKLAND
CITY PLANNING
DEPARTMENT

OAKLAND POINT DISTRICT



JUNE 1990

NELSON MANDELA PARKWAY
(formerly Cypress St.)

obtain funding for reuse of the landmark 16th Street Train Station located two blocks to the north.

For preservation incentives in West Oakland to be successful, it is important that residents be involved in developing a program and in its implementation. Added to that is the need to protect the availability of low and moderate income housing, and encourage home ownership.

RECOMMENDATIONS

1. *Designate the Oakland Point District as an S-7 Historic District.*

Oakland Point is one of the oldest and most intact neighborhoods in the city, and its history exemplifies the contributions which minorities have made to the development of Oakland and the Bay Region. It has been surveyed by the Oakland Cultural Heritage Survey and was determined eligible for the National Register of Historic Places as part of the Cypress Replacement environmental review process. The district boundaries run between 12th and 14th Streets to the north, Mandela Parkway to the east, between 7th and 8th Streets to the south, and Pine and Wood Streets to the west.

2. *Adopt a range of incentives for the district which would integrate with other city programs and planning efforts, emphasizing community participation and homeownership for low/moderate income residents.*

Design Guidelines. Using the results of the Oakland Cultural Heritage Survey, develop design guidelines for alterations and new construction.

Although the district, as a residential zone, is subject to the citywide Special Residential Design Review ordinance, specific guidelines should be prepared which would preserve the Victorian character of the district in terms of design features, massing and lot coverage. Amendments to the zoning regulations should be adopted where existing zoning regulations, such as setback requirements and height limitations, are inconsistent with the district character. Alternatively, waivers could be granted for projects which meet the design guidelines.

Public Improvements. Institute a coordinated program of open space, streetscape and traffic improvements which would complement the historic character and contribute to a clear identity for the district.

The rerouting of Interstate 880 will result in changes to the traffic patterns within the district. Traffic studies should be conducted to identify where increases and decreases in traffic flow are likely to occur with a view toward limiting the impact of through traffic in the district. In addition, decisions regarding uses and configuration in the Mandela Parkway Planning Project should consider impacts on the adjoining district and focus on creating a strong relationship between Mandela Parkway improvements, the proposed Memorial Park at 14th Street and the district. Within the district, an overall program for street repaving, sidewalk improvements, street trees, lighting and signage should be implemented in order to provide a cohesive framework which would reinforce the neighborhood character.

Facade Improvement Program. Using existing housing rehabilitation programs, develop a specific facade improvement program for the district.

There are several existing rehabilitation programs, such as the Home Maintenance and Improvement Program, the 312 Loan Program, the Self-Help Paint Program and the Weatherization Program, which could be brought together and modified to specifically encourage facade improvements. As an incentive to participate, a "one-stop" process should be developed which would streamline the application, permitting and design review processes. Design assistance, through partnership with the AIA and/or workshops using *Rehab Right* as a base, along with guidelines adopted by the Landmarks Advisory Board for facade improvements would further encourage participation in the program.

District Association. Work with existing community organizations to establish a district association.

In West Oakland, an effort to strengthen the connections between the many community groups has already been started by the Coalition for West Oakland Revitalization. Using these efforts as a base, a district association should be established which would involve district residents, the Phoenix and Prescott neighborhood groups, local churches and other community organizations such as Jubilee West, the West Oakland Commerce Association, the West Oakland Community Development Board and CERT. In addition to providing a forum for discussion of public improvements, design guidelines and facade improvement, the association could link up with citywide groups like Oakland Heritage Alliance, the Center for the Study of Afro-American History and Life and ProArts to develop publications, tours and displays which would document the historic and cultural significance of the district.

District Office. Establish a storefront office in a historic building to serve as a centralized information center for the district.

Establishing a district office would not only create a visual presence for the historic district program, but would increase the accessibility of information on programs and projects affecting the district. A centralized information point for the historic preservation program, including job training and housing, as well as current information on the I-880 project, city public works projects, and the Neighborhood Commercial Revitalization Project would encourage neighborhood participation and facilitate cooperation between public agencies and residents. Depending on the space available, the office could also serve as a meeting and display space for the district.

Job Training. Establish private sector partnerships to develop a job training program for historic rehabilitation projects in the district.

Focusing a job training program in the construction trades in the Oakland Point District would increase the benefits to the participants by offering training in specialized rehabilitation skills, and spur additional interest and participation in housing rehabilitation by maximizing the visibility of the program results. One possibility for such a program would be a combination of the job training component of the Community Restoration Program with the resources of non-profits

and construction trade organizations such as Jubilee West, the Private Industry Council and the Alameda County Labor Council.

Another source for job training is YouthBuild, a nationwide organization which provides assistance to non-profits interested in establishing local Youthbuild projects. Targeted at low income youth, the program offers construction job training in rehabilitation of low and moderate income housing combined with GED (high school equivalency degree) classes. Nationwide there are 15 programs in operation, including one in San Francisco, and more than 100 organizations interested in participating. For fiscal years 1993-1994, \$68 million dollars has been allocated for these programs from federal Housing and Urban Development funds and the National Service Program. Recently Youth Reach, a local community service organization, announced plans to establish a Youth Build Oakland program.

Demonstration Projects. Identify critical buildings or building groups for rehabilitation demonstration projects.

Through a survey of the district resources, historic buildings or building groups should be identified for rehabilitation efforts. Of those identified, several of the most critical should be selected for demonstration projects combining public resources with others such as the proposed Bay Community Bank, Jubilee West, neighborhood organizations and local construction suppliers and contractors.

Historic Preservation Revolving Fund. In partnership with the private sector, establish a revolving fund for the purchase and rehabilitation of historic buildings.

Private sector investment in financing housing purchase and rehabilitation in the district is critical to any long term revitalization efforts. The establishment of a revolving fund for building upgrades, purchase and rehabilitation could result in a critical mass of rehabilitation projects which would encourage future investment by conventional lenders. Satisfying the requirements of the Community Reinvestment Act is a particularly strong incentive for participation in a program for the Oakland Point District because of the history of redlining in the area.

Examples of public participation include interest write downs using CDBG funds, and use of the Scattered In-Fill Housing program to survey vacant parcels in the district and package them with suitable move-ons to be offered to potential homeowners.

Southern Pacific Project. Continue working with Southern Pacific to plan development for the 20 acre parcel next to I-880 which will integrate with and respond to the needs of the adjacent residential neighborhood.

The future development of Southern Pacific's parcel will have important impacts on the Oakland Point District. Discussions between the city and Southern Pacific should consider both the physical relationship between the development and the residential district, and the possibilities for uses which will benefit district residents in terms of employment, housing and service needs.

16th Street Train Station. Identify uses for the 16th Street Train Station and develop a land use and public improvements plan which will link the station with the Oakland Point District.

The changed route of I-880 and the demolition of the Cypress structure present an opportunity to strengthen the physical relationship of the station to the district, and capitalize on the historical links between the railroad and West Oakland. The city has already initiated efforts to develop a re-use plan for the station which will assess rehabilitation costs and resue possibilities, including a process for identifying those uses which would best meet community needs. In addition to these steps, a working group of representatives of the district, the larger West Oakland community, the Center for the Study of Afro-American History and Life, railroad enthusiasts, preservation organizations and Southern Pacific should be convened to idetify possible funding sources and build momentum for the project. Concurrently, initial studies should be undertaken to identify possible land use changes and public improvements which would strengthen the physical relationship between the station and the Oakland Point District.

3. *Complete the Oakland Cultural Heritage Survey of the six Neighborhood Commercial Revitalization areas, and those which the Preliminary Survey has identified as possible historic districts.*

The Oakland Cultural Heritage Survey has completed the survey of three of the Neighborhood Commercial Revitalization areas. In the Fruitvale pilot project, these results are being used in the development of design guidelines for the commercial district, and provide a resource for the design of streetscape improvement, a facade improvement program and marketing efforts. In order to identify other neighborhood commercial areas which are appropriate sites for a historic preservation approach, an inventory of existing resources needs to be completed.

4. *Complete the Oakland Cultural Heritage Survey for residential areas which appear to have a high concentration of historic buildings and evaluate them for a district incentives program.*

The Oakland Cultural Heritage Survey has been completed in two of Oakland's neighborhoods, West Oakland and Adams Point. However, the Preliminary Survey of the city has identified a number of other neighborhoods which have a high concentration of historic resources, and may qualify as National Register or locally designated districts. In order to evaluate the historic and architectural significance of these areas and identify those which might benefit from a preservation incentives program, full documentation needs to be developed.

Conclusion

Economic incentives for historic preservation have proved a valuable tool for downtown and neighborhood revitalization efforts throughout the country. In older cities in particular, historic buildings not only define the urban character but play a significant role in the economic health of the community.

The success of preservation incentives depends on clear and consistent public policy and action, the cooperation and participation of public agencies and private organizations, and the integration of a preservation component into overall economic development efforts.

In Oakland, the draft Historic Preservation Element and Oakland Sharing the Vision provide the framework for administrative and program commitment to preservation policies and actions by city government. Downtown planning and earthquake recovery efforts have brought together diverse groups in both the public and private sector, forming a base which can be called upon in developing and implementing preservation incentives.

The recommendations contained in this paper are intended as a starting point for concrete initiatives to bring a preservation focus to community revitalization efforts in Oakland and realize the economic benefits which historic preservation offers.

Appendix A:

Survey of Economic Incentives by City

1. Denver, Colorado

Lower Downtown Historic District: District designation and design guidelines.

Streetscape Plan: Historic lighting fixtures, decorative signal posts, street repaving, street furniture and trees.

Lower Downtown Business Support Office: Technical assistance (marketing, legal) in formation and expansion of small businesses, Space Bank - inventory of available space, leasing requirements, Small Business Loan Program, 2 office incubator buildings established.

Lower Downtown Revolving Loan Program: Gap financing for rehab, construction financing, credit enhancement. City & County of Denver, NTHP, Historic Denver, and 5 banks - original amount available \$985,000.

Capital Improvements Program: viaduct replacement & extension of 16th Street Mall.

2. Charleston, South Carolina

Residential: Targeted to 2 historic neighborhoods. Directed CDBG funds to existing housing, rental rehabilitation. Offers amortized grants and loans. Working with local banks to establish a loan pool. Job training: residential rehabilitation & renovation skills sponsored by local preservation organization and "Weed & Seed" Program (city/federal).

Commercial: Facade Improvement Program, low interest loans in target areas, formation of a local development corporation, infrastructure improvements and tax increment financing.

3. Santa Ana, California

Downtown Redevelopment Program: Registered downtown district (1984) 144 buildings, 27 blocks. Facade improvement reimbursement up to 50% of cost (\$20,000 max.), \$50,000 revolving loan fund for exterior improvements. Partnership with private lenders (Mercury Savings & Wells Fargo) for rehab loan fund of \$500,000 with interest write down funded with CDBG funds.

Combined these incentives with enforcement of seismic retrofit ordinance. Formation of a Business Improvement assessment district - self assessment by property owners for improvements. Redevelopment agreements for new construction require design compatibility with the historic character of the district.

4. Pasadena, California

Old Pasadena Urban Conservation District: District designation and design guidelines.

Private Sector: Local preservation organization established offices in the district and brought together merchants, community activists and preservationists. Monthly tours and events established under lead of Pasadena Heritage. Conservation easement program established. Area plan developed pro bono by local firm.

Public Sector: Parking garages constructed (redevelopment/parking revenue payback) with retail on the ground floor. Garage spaces counted as parking credit for district businesses. Initial streetscape improvements undertaken. Recently parking meters installed with revenues set aside to carry out local business organization's recommended streetscape improvements. Citywide: grant program for highest category of landmarks funded by setting aside city's portion of property taxes on all landmarks in this category.

5. Oregon City, Oregon

Oregon City Historic Rehab Program: Targeted at 4 neighborhoods, owner-occupied local landmarks. Low interest loans, using CDBG funds, for repair & replacement of siding, windows, doors, porches, chimneys, decorative elements, exterior paint. 0% loans, due on sale, transfer or change of use.

6. Brigham City, Utah

'Adopt a Building': Community organizations, with city assistance, adopt a vacant downtown building—clean up, improve appearance of exterior.

Redevelopment Agency Building Grants: Commercial properties within Redevelopment Area, matching grant program (\$2500 - \$10,000), selection based on need for facade improvement, owner's financial stability, willingness to adhere to renovation guidelines. Free on-site architectural consultation to assist in completing application.

Community Design Center: Co-sponsored by University of Utah Architecture Department and local AIA, provides design assistance for low and moderate income individuals on preservation related plans.

7. Escondido, California

Preservation Incentives Package: Matching grants up to \$1500 for architectural design services and up to \$1000 for rehab/repair expenses and landscaping for landmark owners funded by one time general fund appropriation. Program administered by landmarks board. Fee waivers for permit and plot plan fees by request to landmarks board. Mills Act contracts offered (approx. 20 now in place). Assistance with Landmark application through arrangement with San Diego History Department. 50% facade rehab grants funded through redevelopment agency. Incentives available based on category of ranking.

8. Roanoke, Virginia

Historic Buildings Rehabilitation Loan Program: Private rehabilitation loans up to \$100,000, 2% below prime, seven year term for buildings in the central business district. Program is a partnership between the city, Downtown Roanoke, Inc., Roanoke Valley Preservation Foundation, and local commercial lenders.

Facade Improvement Grants: Up to \$5,000 with free architectural design assistance to properties in local historic districts. Requirements: rehabilitation of a deteriorated building according to specified standards and employment for low to moderate income persons. Funded by CBDG monies.

9. Aspen, Colorado

Grant Program: \$2,000 grants to residential property owners who ask for landmark designation. Grants up to \$10,000 for maintenance of landmarks in cases of demonstrated economic hardship.

10. Carson City, Nevada

Redevelopment Incentives Program: Project sponsor brings proposal to Redevelopment requesting approval of certain incentives. Proposal reviewed by a special board with recommendations to Redevelopment Authority for final approval. Incentives include: Parking waivers, property tax relief, 20% grants (with equal match by property owner) for project costs (including soft costs and city fees) for rehab or new construction which conforms to design guidelines, enhances historic character and satisfies other financial requirements. If the property is sold within 7 years, a percentage of the grant is repayed (based on the year of sale and year of grant).

Partnership between local banks & Redevelopment Authority to fulfill CRA requirements by participating in low interest loans to properties in the redevelopment district. Chamber of Commerce/Main Street to provide business recruitment assistance using retail marketing analyses. Redevelopment Authority installation and maintenance of public improvements.

11. Fredericksburg, Virginia

Private: Foundation revolving fund for purchase and resale (\$1 million/30 buildings rehabed). Replaced with preservation facade easements program.

Public: Local district designation (40 block area downtown), tourism promoted downtown, visitor's center moved to historic district, walking tour of homes and buildings. Tax exemption program for rehabed properties (partial tax abatement for increased property value - 6 years), capital improvements downtown (undergrounding, historically sensitive streetscaping, improved traffic circulation), facade improvement grant program (city funded architectural services), changes to local ordinances (parking waivers, zoning for housing on upper stories), low-moderate income housing (CDBG, city funds for rehabilitation).

12. Galveston, Texas

Private: Purchase & rehab of several buildings (Junior League, Historic Galveston, individuals). Government & local foundation (Kempner Fund, Moody Foundation) financing for purchase & rehab. Revolving fund for purchase and resale (1973 - initial capitalization \$200,000), Historic foundation partnership with local lenders - streamlined application process, joint line of credit (1.6 million). Free paint, design and rehab advice, revolving fund for historic residences.

Public: 3 local district designation, Arts Council offices relocated to district, installation of historical markers, period streetscaping, mix of residential, retail and commercial uses encouraged (based on Action Plan funded by National Endowment for the Arts), partnership with historic foundation and art council to create walking tours and special events, tax reinvestment zones (guaranteed tax assessments over period of years), one cent of hotel bed tax to the arts and historic preservation. Funding: CDBG, UDAG (parking garage, waterfront improvements.)

13. Portland, Oregon

Downtown Redevelopment District: Walking tour brochures of 4 downtown historic district, facade improvement loans, Transit Mall, street improvements, free light rail in downtown district, business assistance directory.

14. Bozeman, Montana

Contributed Services Bank: Architects, historians, other h.p. professionals commit 20 hours per year, time is banked and allocated to property owners—limit 2 hours.

15. Phoenix, Arizona

Historic Preservation Bond Fund: Voter approved issuance of up to \$15 million in general obligation bonds to be used for acquisition, improvement, and maintenance of historic properties. Initial program provided grants for exterior improvements & preservation related demonstration projects. Design guidelines and an architectural guide to historic buildings.

Appendix B:

Selected Economic Goals and Objectives

The Strategic Plan - Oakland Sharing the Vision Expanding the Economic Base

□ Goal 2 – Revitalize Downtown Oakland

Objective 1: Comprehensive Revitalization Strategy

- Encourage market-rate and affordable housing
- Renovation funding for earthquake damaged SRO's
- Retail business development on Broadway
- Explore location alternatives for live/work space

Objective 2: Establish Downtown Management Association

- Public/private partnership to manage such issues as security, maintenance, promotions and marketing for downtown businesses.

Objective 3: Improve Visual Image and Amenities

- Install historic lighting fixtures
- Establish facade-improvement revolving loan fund
- Public improvement/street scape improvements
- Establish Historic Preservation Revolving Loan Fund
- Adopt revised design guidelines

□ Goal 3 – Business Development

Objective 2: Establish Office of Small Business Support

- Action Plan for Small Business One Stop Center
- Obtain financing for Small Business Incubator

Objective 4: Identify Unmet Credit Needs

- Establish Community Reinvestment Task Force
- Identify & Evaluate alternative financing arrangements

Objective 7: Attract High Technology Industries to Oakland

- Develop business research & development needs survey

□ Goal 4 – Marketing

Objective 1: Establish Department of Public Information & Marketing

- Establish one stop public information service center

Objective 2: Establish Oakland Marketing Board

Leverage & strengthen marketing initiatives promoting Oakland
Establish Visitors' Center in a downtown historic building

Neighborhood Revitalization

□ Goal 1 – Develop a new General Plan

*Objective 1: Adopt a revised Housing Element & Historic Preservation Element
Implement Zoning Changes*

*Objective 4: Ensure that neighborhood plans address commercial revitalization
and housing*

Complete Neighborhood Commercial Revitalization Area Assessments
Allocate resources to implement NCRs in targeted areas
Establish Facade Improvement program for targeted commercial areas

□ Goal 2 – Develop Quality Housing

Objective 6: Encourage the renovation and preservation of housing stock

□ Goal 4 – Develop Pride in the Neighborhoods

*Objective 4: Promote information & education on home improvement and
maintenance*

Inventory & publicize home improvement skills programs
Establish “Rehab Right” training programs

□ Goal 6 – Enhance & Preserve Oakland's Architectural Heritage

Objective 1: Develop & Implement Historic Preservation Programs

Objective 2: Encourage Historic Preservation through city policies and procedures.

Establish Mills Act contract program
Condition city assistance on initiating landmark process
Extend design review fee waivers to historic districts

Objective 3: Increase funding for historic preservation activities

Ensure that historic URM's receive special consideration

The Downtown Plan

Guiding Principles: Increase pedestrian traffic, job opportunities, consolidate the downtown, retain affordable office space, encourage housing, concentrate on small scale catalytic project.

Specifics: streetscape improvements, new design & signage guidelines, facade improvement revolving fund, contingency fund for earthquake damaged buildings, establish Downtown Management Program (technical business assistance, promotions, etc), renovate existing retail space, provide regulatory relief for housing downtown.

Oakland's Draft Historic Preservation Element

- ❑ Goal 1 – To use historic preservation to foster the economic vitality and quality of life in Oakland by:

(4) Stabilizing neighborhoods, enhancing property values, conserving housing stock, increasing public and private economic and financial benefits, and promoting tourist trade and interest through preservation and quality maintenance of significant older properties.

[Note: The Draft Historic Preservation Element contains over sixty recommended actions, which are listed in Table 7-2 of the draft element.]

The Fruitvale Neighborhood Commercial Revitalization Plan

- ❑ Goal: To develop a positive and unique district image that signifies Fruitvale from the rest of Oakland.

Create district and subdistrict edges, gateways, and visual landmarks
Identify regulatory changes which will support and maintain the unique character of the district and subdistricts

- ❑ Goal: To develop a safe and attractive pedestrian-oriented commercial area

Create & maintain public streetscape improvements
Enhance the architectural & historic beauty of existing structures

- ❑ Goal: To build upon Fruitvale's assets and support existing businesses

Provide assistance to existing businesses for facade & sign improvements
Provide market demand analysis for local businesses
Promote infill development which supports revitalization

Appendix C:

Mills Act Contract Examples

Example 1

Property A, a duplex located in a historic district. Gross income, based on rent actually received and typical of rents received in the area for similar property in similar use. (California Revenue and Tax Code §439.2(a)(1))

	1993	1994
Income	\$12,890	\$12,890
Expenditures		
Insurance	\$ 460	\$ 485
Utilities	890	820
Rental Tax	166	166
Repairs	700	2000
Management	1000	1000
Total	2415	6471
Net Income	\$10,565	\$ 8,419

Capitalization Rate	1993-4	1994-5
Historical Property Risk (Rental Property)	.02	.02
Interest	.08	.0725
Tax Rate	.01	.01
Amortization (25 year life)	.04	.04
Capitalization Rate	.15	.1425

Income/Capitalization Rate = Value

1993-94: \$10,565/.15 = \$70,433 Tax: \$878.33
 1994-95: \$ 8,419/.1425 = \$59,080 Tax: \$736.66

Compare

Current Assessment (purchase 1982) \$91,000.00 Tax: \$1134.68
 Assessment on sale (market value) \$140,000.00 Tax: \$1745.66

Tax Savings

1993-4: \$256.35
 1994-5: \$398.02 New Owner: \$1009.00

Example 2

Property B, a 23,000 square foot commercial building which is an Oakland City Landmark. Gross income, based on rent actually received and typical of rents received in the area for similar property in similar use. (California Revenue and Tax Code §439.2(a)(1))

	1992	1993
Income	\$246,117	\$242,500
Expenses		
Insurance	\$ 8,555	\$ 8,700
Utilities	42,243	42,243
Rental Tax	3,214	3,140
Repairs/Maintenance	15,965	15,850
Elevator	5,530	5,530
Management	12,341	12,341
Security/Janitorial	44,600	44,600
Total	132,448	132,404
Net Income	\$109,669	\$110,096

Capitalization Rate	1993-4	1994-5
Historical Property Risk (Rental Property)	.02	.02
Interest	.08	.0725
Tax Rate	.01	.01
Amortization (25 year life)	.04	.04
Capitalization Rate	.15	.1425

Income/Capitalization Rate = Value

1993-94: \$109,669/.15 = \$731,127	Tax: \$9116
1994-95: \$110,096/.1425 = \$772,664	Tax: \$9634

Compare

Current Assessment	\$946,000	Tax: \$11,796
1994-95 Assessment (+ 2%)	\$964,920	Tax: \$12,032

Tax Savings

1993-4: \$2680
1994-5: \$2398

Bibliography

- California Travel Impacts by County*, 1991
Dean Runyan Associates. Prepared for the Office of Tourism, California Trade and Commerce Agency, Sacramento, CA., April, 1993.
- California Travel: Its Economic Impact*, Office of Economic Research, California Trade and Commerce Agency, November 1992.
- California Main Street, 1992 Accomplishments*, California Trade & Commerce Agency, Sacramento, CA, January 1993.
- Case Studies: The Economic Benefits of Preserving Community Character - Fredericksburg, Virginia and Galveston, Texas*, Government Finance Research Center, Government Finance Officers Association, Chicago, IL, 1991.
- Central District Survey 1979-1985*, Oakland Cultural Heritage Survey, Department of City Planning, City of Oakland, Oakland, CA.
- "Comparing Rehabilitation and New Construction", Donovan D. Rypkema, *Landmark Yellow Pages*, National Trust for Historic Preservation, The Preservation Press, Washington, D.C. (no date).
- Conserving Energy in Historic Buildings*, Preservation Brief No. 3, Technical Preservation Services Division, Office of Archeology and Historic Preservation, Heritage Conservation and Recreation Service, U.S. Department of the Interior, Washington, D.C., 1978.
- The Contribution of Historic Preservation to Urban Revitalization*, Advisory Council on Historic Preservation, Washington, D.C., 1979.
- Domestic Travel to California*, D.K. Shifflet & Associates, Ltd. Prepared for California Trade & Commerce Agency, Office of Tourism, Sacramento, CA., November, 1992.
- Downtown Long Beach Strategy for Development*, Long Beach Redevelopment Agency, Long Beach, CA, October, 1992.
- Downtown Revitalization and Earthquake Recovery Strategy*, City of Oakland, ELS/Elbasani & Logan Architects and Recht Hausrath Associates. Prepared for the Office of Economic Development & Employment, City of Oakland, Oakland, CA., April, 1993.
- Draft Historic Preservation Element*, Department of City Planning, Oakland, CA., September, 1993.
- Economic and Fiscal Impacts of Facility Closure, Sonoma State Historic Park and Petaluma Adobe State Historic Park*, Dean Runyan Associates. Prepared for the Sonoma Valley Visitors Bureau, Petaluma Chamber of Commerce, Sonoma, CA., January, 1992.
- Economic Benefits of the Certified Rehabilitation of Historic Structures in California, Oregon, and Washington and the Impact of the 1986 Tax Reform Act*, The National Trust for Historic Preservation, Western Regional Office, San Francisco, CA., May, 1988.
- Economic Impact of Historic District Designation, Lower Downtown, Denver, Colorado*, Hammer, Siler, George Associates. Prepared for the Office of Planning and Community Development, City and County of Denver, Denver, CO, July, 1990.
- Economic Incentives for Historic Preservation*, Richard J. Roddewig, Center for Preservation Policy Studies, National Trust for Historic Preservation. Prepared for the City of Atlanta, Atlanta Comprehensive Planning Project, Atlanta, GA, 1987.
- Fiscal Incentives for Historic Preservation*, Susan Robinson & John E. Petersen, Government Finance Research Center, Government Finance Officers Association, Washington, D.C., 1989.
- Fruitvale, A Neighborhood Commercial Revitalization Plan*, Department of City & Regional Planning, University of California, Berkeley, March, 1991.
- "Historic Preservation and Tourism", Arthur Frommer, *Preservation Forum*, Fall, 1988, National Trust for Historic Preservation, Washington, D.C., 1988.

- Historic Preservation Bond Fund, 1990-1991, Guide to Programs*, Phoenix Historic Preservation Commission, Phoenix, AZ, 1990.
- Innovative Tools for Historic Preservation*, Marya Morris, Planning Advisory Service Report Number 438, American Planning Association, Chicago, IL, 1992.
- Kings County Heritage Needs: Funding Our Future*, Historic Seattle Preservation & Development Authority, Seattle, WA, October 1991.
- "Local Government and Historic Preservation", Richard Wagner, *Historic Preservation Forum*, March/April 1991, National Trust for Historic Preservation, Washington, D.C., 1991.
- Local Incentives for Historic Preservation*, Constance E. Beaumont, Center for Preservation Policy Studies, National Trust for Historic Preservation, Washington, D.C., 1991.
- Main Street Guidelines, Structuring Local Participation*, Donovan D. Rypkema, National Main Street Center, National Trust for Historic Preservation.(no date)
- Measuring Historic Preservation's Impact on Tourism: A Study of California and Other States*, Paula Huntley and Hisashi B. Sugaya, Preservation Policy Research Series No. PPR-RO2, National Trust for Historic Preservation, Washington, D.C., June, 1984.
- Oakland-Sharing the Vision: The Oakland Strategic Plan*, Oakland-Sharing the Vision, Inc., Oakland, California, 1992.
- "Old Cities: Pearls Worth Polishing", Robert M. Bass, *Los Angeles Times*, Times-Mirror Corp., Los Angeles, CA, December 28, 1992.
- "Public Benefits of Historic Preservation", Bridget Hartman, *Landmark Yellow Pages*, National Trust for Historic Preservation, The Preservation Press, Washington, D.C., 1993.
- "Philadelphia's Preservation Incentive: The Value of the TDR", Donna Ann Harris, *Historic Preservation Forum*, September/October 1992, National Trust for Historic Preservation, Washington, D.C., 1992.
- Pine Avenue Design for Development*, Long Beach Redevelopment Agency, Long Beach, CA, January, 1990.
- Plan for Oakland's Downtown Redevelopment Area*, University-Oakland Metropolitan Forum, Berkeley, CA, May 18, 1993.
- Portland Business Resource Director, 1993-1994*, Portland Development Commission, Portland, OR, 1993.
- Restoring the Dream: 1993 Annual Report to the People of Oakland*, Office of the Mayor, Oakland, CA, 1993.
- Tools and Targets: the Mechanics of City Economic Development*, Dr. Ann Bowman, National League of Cities, Washington, D.C., 1987.
- Using the Community Reinvestment Act in Low-Income Historic Neighborhoods*, Information Series No. 56, National Trust for Historic Preservation, Washington, D.C., 1992.
- The Visible Hand: Major Issues in City Economic Policy*, Dr. Ann Bowman, National League of Cities, Washington, D.C., 1987.
- Vision for Downtown Oakland*, Downtown Vision Committee and Office of Economic Development and Employment, City of Oakland, Oakland, CA, 1991.
- "We Need Love, We Need Support, We Need Skills...", Allen Freeman, *Historic Preservation*, Vol. 45, No. 3, May/June 1993, National Trust for Historic Preservation, Washington, D.C., 1993.
- What's In It For You: Capitalizing on Historic Resources with the Mills Act and Other Preservation Incentives*, Carolyn Douthat and Elizabeth Morton, California Preservation Foundation, Oakland, CA, 1990.
- The Youthbuild Bulletin*, November, 1993, Youthbuild USA, Somerville, MA, 1993.
- Youthbuild USA Information Packet*, Youthbuild USA, Somerville, MA, 1993.

U.C. BERKELEY LIBRARIES



C101745668

